

CEI AGM 2020: Questions and Answers

<p>1. Near term impact of Covid-19 on CEI's performance</p> <p>a. Oil & Gas, Aviation customers; how many % reduction in total revenue from this segment of customers?</p> <p>b. Does CEI have customers in ventilators, Covid-19 test kits and related equipment businesses? Did CEI experience increase orders from these customers? Did this mitigate reduction in orders from Oil & Gas and Aviation customers?</p> <p>c. Have supply chains been disrupted?</p> <p>d. Have component prices gone up?</p> <p>e. Were CEI's operations in Batam, Indonesia and Bien Duong, Vietnam, disrupted because of shortage of components and manpower?</p> <p>f. How many % drop in revenue and profit in 2020 over 2019, is expected?</p>	<p>For Oil & Gas sector, there is a decrease in revenue from one U.S. customer. However, this is compensated by an increase in revenue of another customer from China. Overall, the revenue remains stable in this sector.</p> <p>Although there is a 25% decrease in revenue of aviation sector, the overall impact to the Group's revenue is limited as aviation sector only contributes about 4% of the Group's revenue.</p> <p>Industrial sector's revenue is stable.</p> <p>There is also a material weakening of Life Science and MedTech business in the first half of this year.</p> <p>Overall, the revenue for this year is expected to decrease by less than double digits in percentage.</p> <p>The Company has about 3 customers in ventilators, Covid-19 test kits and related equipment business.</p> <p>Supply chain of components has been disrupted and the Company is chasing hard to bring in components to fulfil customers' orders.</p> <p>Certain component prices have increased.</p> <p>CEI is under essential services and about 50% is working on premises, and remaining working from home. Batam and Vietnam factories are working on full strength throughout.</p> <p>Cash position remains healthy, and CEI will endeavour to continue paying decent dividends to shareholders.</p> <p>The Company will continue to work hard to generate revenue.</p>
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<p>2. Longer Term performance</p> <p>a. What areas are management looking at, to grow the revenue base?</p> <p>b. What are some of the main projects for EQM business in 2020 and 2021?</p> <p>c. Will electronic components supply and pricing continue to be challenging into 2021?</p> <p>d. Will CEI be increasing manpower in 2020 and 2021?</p> <p>e. Will CEI be increasing CAPEX for automation, such as robots, to reduce manpower needs?</p>	<p>The Company will continue to focus on high mix, low volume business.</p> <p>There are opportunities for the Company to explore in second half of 2020 and 2021: robotics for medical/disinfectants, tester assemblies for semiconductor, simulator for aviation industry, automation of processes, and, COVID-19 equipment.</p> <p>Although there is a decrease in the Group’s overall business, the EQM business segment will remain stable.</p> <p>Due to the challenging supply chain situation, some customers have given firm orders to CEI for the next 6 to 12 months.</p> <p>CEI will selectively add about ½ dozen of headcount to strengthen the engineering capabilities.</p> <p>Investment in CAPEX will be for digitalisation, productivity, safety and operational needs.</p>
<p>3. Governance Matters</p> <p>a. In 2019 Annual Report, CEI provided revenue by geographical regions. Will CEI provide revenue by business segment?</p> <p>b. Will CEI provide quarterly “business updates”, besides half year and full year reports?</p> <p>c. Will CEI upload answers to questions on SGX website prior to AGM?</p> <p>d. How can the Company better ensure Directors attend the AGM?</p>	<p>We will consider adding “Revenue by Business Segment” in our 2020 Annual Report.</p> <p>There is no plan to provide “quarterly business updates”. However, we will abide by SGX rules to announce all material information timely, especially those which may have an impact on CEI’s financial performance.</p> <p>We will upload the answers to questions on SGXNet and CEI website after this AGM.</p> <p>Our Directors attend AGM either physically or remotely for those who are travelling or residing overseas.</p>